Dismal functioning of BIFR

2700. SHRI R PRABHAKAR REDDY: Will the Minister of FINANCE be pleased to State :

(a) whether Government's attention has been drawn to the news item "BIFR's turn around cases stand at a meagre 8.80 per cent" appearing in the Financial Express dated 6th January, 2000;

(b) if so, what is Government's reaction thereto; and

(c) whether any inquiry has been made into such dismal functioning of the Board for Industrial and Financial Reconstruction and if so, the details thereof and if not the reasons therefor ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALA SAHEB VIKHE PATIL): (a) Yes, Sir.

(b) and (c) BIFR was set up under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 to examine cases of sick industrial companies with a view to revive companies wherever possible. Upto December 1999, 2867 cases were registered with the BIFR out of which 526 were dismissed as non-maintainable. Revival schemes were approved/sanctioned in respect of 643 cases by BIFTI/AAIFR/Supreme Court and winding up of the companies were recommended for 666 cases to concerned High Courts and the net-worth became positive in respect of 29 cases during inquiry and the companies were declared no longer sick.

BIFR, being a quasi-judicial body, gives opportunity to all interested parties to make their submission before a decision is taken. BIFR also obtains consent of every involved agency in the case of rehabilitation. However, some unscrupulous promoters take advantage of the BIFR process and try to stall this process at each stage which hampers performance of BIFR.

The Government has strengthened the BIFR, and there are six Members on the Board now.

Conversiion of Banks into Companies

2701. SHRI EDUARDO FALEIRO : Will the Minister of FINANCE be pleased to State: